

## INDIRECT COSTS RATES

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An indirect cost rate is the ratio of indirect costs to a direct cost base used to determine the equitable and reasonable proportion of indirect costs each program or cost objective should bear. An indirect cost charge is required by Government Code Section 11010 and Section 11270 et. Seq. This requirement is also found in the State Administrative Manual (SAM) Section 8752, which provides:

*“The state policy is for departments to recover full costs whenever goods or services are provided for others. This policy, which applies to all departments regardless of funding sources, is to be followed in all cases except where statutes prohibit cost recovery.”*

Additionally, SAM Section 8752.1 defines indirect costs as:

*Department indirect (overhead) costs are those support costs which benefit more than one cost objective/organizational unit.”*

The following are indirect cost rates used by CAL FIRE:

Indirect Cost Rate Proposal (ICRP) Rate: This rate is composed of Statewide Cost Allocation Plan (SWCAP) and Departmental Overhead. The rate is applied to federal reimbursement grants (unless otherwise indicated in the grant) on the direct costs, federal invoices created from the FC-32 Conservation Camp/Project Request, and federal invoices created from the FC-80 Camp Products/Project Order Form. The SWCAP represents the allowable recovery of statewide costs on federal grants. The Departmental Overhead is a recovery to CAL FIRE for administrative staff and expenses.

Emergency Response Rate: This rate is composed of Pro Rata and Departmental Overhead rates which are applied to the direct costs of an emergency response reimbursable billing invoice. The amount recovered supports the Department's administrative efforts during and after an incident. For example, during an incident, administrative personnel are often used as purchasers for needed resources. After the incident, administrative staff process authorized invoices for payment and other staff prepares the reimbursement package. Pro Rata recoveries represent the allowable recovery of statewide costs, and are reimbursements to the General Fund.

Departmental Overhead Rate: This rate is composed of Pro Rata and Department Overhead rates which are applied to the direct costs of state reimbursement contracts; state and local invoices created from the FC-32 Conservation Camp/Project Request; state and local invoices created from the FC-80 Camp Products/Project Order Form; and invoices for attendance at the State Fire Academy. Pro Rata recoveries represent the allowable recovery of statewide costs, and are reimbursements to the State's

General Fund. Administrative Overhead is a recovery to CAL FIRE for administrative staff and expenses.

Schedule A Rate: This rate is composed of Schedule A Pro Rata and Departmental Overhead rates which are applied to the total billings for Schedule A and Amador contracts based on personnel services and operating expenses. This represents recoveries to CAL FIRE for administrative staff and expenses. Schedule A Pro Rata recoveries represent the allowable recovery of statewide costs, averaged over a five-year period, and are reimbursements to the State's General Fund.

State Fire Marshal Overhead Rate: This rate is composed of Pro Rata and Departmental Overhead rates. This rate is used to recover administrative staff and expenses for both CAL FIRE and State Fire Marshal. Pro Rata recoveries represent the allowable recovery of statewide costs, and are reimbursements to the General Fund.

<b>Overhead Rate</b>	<b>FY11-12</b>	<b>FY12-13</b>	<b>FY13-14</b>	<b>FY14-15</b>	<b>FY15-16</b>	<b>FY16-17</b>
<b>ICRP (Federal)</b>						
SWCAP	4.71%	5.44%	5.86%	4.82%	4.83%	4.83%
Departmental Overhead	8.16%	6.81%	4.37%	6.47%	7.70%	7.48%
<b>Totals -</b>	<b>12.87%</b>	<b>12.25%</b>	<b>10.23%</b>	<b>11.29%</b>	<b>12.53%</b>	<b>12.31%</b>
<b>Emergency Response</b>						
Pro Rata	3.47%	5.14%	4.96%	4.21%	5.80%	5.46%
Departmental Overhead	5.89%	6.58%	6.10%	5.15%	5.77%	5.45%
<b>Totals -</b>	<b>9.36%</b>	<b>11.72%</b>	<b>11.06%</b>	<b>9.36%</b>	<b>11.57%</b>	<b>10.91%</b>
<b>Departmental</b>						
Pro Rata	4.66%	5.70%	5.73%	5.72%	7.14%	7.17%
Departmental Overhead	7.93%	7.28%	7.04%	6.97%	7.10%	7.14%
<b>Totals -</b>	<b>12.59%</b>	<b>12.98%</b>	<b>12.77%</b>	<b>12.69%</b>	<b>14.24%</b>	<b>14.31%</b>
<b>Schedule A</b>						
Schedule A Pro Rata	4.98%	4.99%	4.92%	4.99%	5.49%	5.65%
Departmental Overhead	6.98%	6.52%	6.57%	6.98%	7.10%	7.14%
<b>Totals -</b>	<b>11.96%</b>	<b>11.51%</b>	<b>11.49%</b>	<b>11.97%</b>	<b>12.59%</b>	<b>12.79%</b>
<b>State Fire Marshal</b>						
SFM Overhead	13.84%	12.38%	12.33%	9.05%	7.38%	7.82%
Pro Rata	4.66%	5.70%	5.73%	5.72%	7.14%	7.17%
Departmental Overhead	7.93%	7.28%	7.04%	6.97%	7.10%	7.14%
<b>Totals -</b>	<b>26.43%</b>	<b>25.36%</b>	<b>25.10%</b>	<b>21.74%</b>	<b>21.62%</b>	<b>22.13%</b>

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